

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 EB-11 PM-07 NSC-10 SPC-03 SS-20

RSC-01 ACDA-19 OMB-01 TRSE-00 L-03 IO-14 CIAE-00

DODE-00 INR-10 NSAE-00 PA-04 USIA-15 PRS-01 DOTE-00

CAB-09 COME-00 FAA-00 DRC-01 /155 W
----- 019784

P R 041821Z JAN 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 9535

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

USMISSION BERLIN

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E.O. 11652: N/A

TAGS: ETRN, GW, WB, US, UK, FR

SUBJECT: CIVAIR - PAN AM AND BEA RESCHEDULING
PROPOSALS

REF: (A) BONN 18401; (B) STATE 252069

1. SUMMARY: IN ADDITION TO PAN AM, BEA NOW ALSO HAS SUBMITTED A PROPOSAL FOR TWO NEW SERVICES ON THE FRG/BERLIN ROUTES. IN A DISCUSSION OF BOTH RESCHEDULING PROPOSALS IT WAS THE VIEW OF BOTH BRITISH AND US CAA'S THAT THE ADDITIONAL SERVICES SHOULD BE DISAPPROVED, AND THE CHANGES IN TIMING OF SERVICES RE-EXAMINED. THE BRITISH HAD NO OBJECTIONS OR COMMENTS TO THE PROPOSED CONSOLIDATION OF PAN AM'S SERVICES TO LONDON VIA HAMBURG AND AMSTERDAM. EMBASSY UNDERSTANDS THAT PAN AM (WASHINGTON) IS PRESENTING ADDITIONAL ARGUMENTS IN SUPPORT OF ITS PROPOSAL TO THE DEPARTMENT. ACTION REQUESTED: THE LIMITED OFFICIAL USE

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EMBASSY WOULD APPRECIATE ANY FURTHER VIEWS THE

DEPARTMENT MAY HAVE ON THE PAN AM PROPOSALS.

2. ON RETURN OF BRITISH CAA (GROVES) FROM THE UK, PAN AM'S APPLICATION FOR RESCHEDULING WAS DISCUSSED ON JANUARY 3. EMBASSY CAA WAS INFORMED THAT AN APPLICATION ALONG SIMILAR LINES, DATED JANUARY 2, HAD BEEN RECEIVED FROM BEA BY THE BRITISH. BEA ALSO WISHES TO ADD TWO DAILY SERVICES ON THE IGS; ONE IN THE EARLY MORNING TO MUNICH AND ONE AT MID-DAY TO COLOGNE/BONN. IN ADDITION, BEA DESIRES TO CHANGE THE TIMING OF TWO EXISTING DAILY SERVICES; ONE TO HANNOVER AND ONE TO HAMBURG. IN ITS LETTER TO THE UK CAA, BEA REFERS TO THE PAN AMERICAN PROPOSALS AND STATES BEGIN QUOTE YOU WILL BE AWARE THAT THESE INCLUDE INCREASES IN FREQUENCY OF ONE SERVICE A DAY EACH BETWEEN HANOVER AND BERLIN AND DUESSELDORF AND BERLIN AS COMPARED WITH THE ORIGINALLY AGREED WINTER 1973/4 PROGRAMME. WE DO NOT CONSIDER THAT ANY INCREASE IN CAPACITY IS WARRANTED BY THE PRESENT LEVEL OF TRAFFIC BUT YOU WILL REALISE THAT, IF THESE INCREASES ARE APPROVED BY THE CIVIL AIR ATTACHES, THEY WILL HAVE A VERY ADVERSE AFFECT ON OUR MARKET SHARE AND HENCE PROFITABILITY. WE HAVE, THEREFORE, NO OPTION BUT TO MATCH THESE INCREASES AND I AM ATTACHING DETAILS OF THE CHANGES WHICH WE PROPOSE TO MAKE IN THIS SITUATION. END QUOTE

3. WITH RESPECT TO THE ADDITIONAL FREQUENCIES PROPOSED BY BOTH CARRIERS, AS WELL AS THE SHIFTS IN TIMING, THE UK POSITION AS SET FORTH BY GROVES, IS SIMILAR TO THAT OUTLINED IN THE DEPARTMENT'S CONTAINED PARAS 2 AND 3 OF REFTEL B. GROVES SAID THE BRITISH WOULD HAVE TO SUPPORT THE BEA PROPOSAL IF WE WISHED TO INSIST ON THE CHANGES AND ADDITIONS TO THE PAN AM SCHEDULES. HOWEVER, THE BRITISH RECOMMENDATION IS TO DISAPPROVE BOTH APPLICATIONS. IT APPEARS TO THEM THAT THE PRESENT LEVEL OF SERVICES IS SATISFACTORY FROM THE PUBLIC SERVICE VIEWPOINT AND WAS ARRIVED AT IN THE CONTEXT OF LIMITED OFFICIAL USE

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RATIONALIZATION. CURRENT PASSENGER LOAD FACTORS DO NOT SEEM TO BE DETERIORATING, BUT IN A SITUATION WHERE TRENDS ON THE IGS ARE STILL NOT ENTIRELY CLEAR, AND THE FUEL SITUATION IS ONE OF CONCERN, THE BRITISH SEE NO COMPELLING REASON TO ALTER THE PREVIOUSLY AGREED WINTER SCHEDULES.

4. IN THE LIGHT OF THE DEPARTMENT'S INSTRUCTIONS,

AND AFTER SOME FURTHER DISCUSSION, CAA'S AGREED THAT, UNLESS FURTHER INSTRUCTIONS WERE RECEIVED FROM CAPITALS, THE TWO APPLICATIONS FOR ADDITIONAL FREQUENCIES WOULD BE DISAPPROVED. AS FOR THE SHIFTS IN TIMINGS OF SERVICES, THE CAA'S AGREED THAT FURTHER DISCUSSION WITH PAN AM AND BEA WERE CALLED FOR. IT WAS NOT CLEAR THAT, IF THE ADDITIONAL FREQUENCIES WERE DISAPPROVED, THE CARRIERS WOULD STILL WISH TO

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MAKE THE CHANGES IN TIMINGS.

5. THIS AFTERNOON (JANUARY 4) EMBASSY RECEIVED A COPY OF A LENGTHY TELEX FROM PAN AM (BERLIN) TO PAN AM (WASHINGTON) WHICH ARGUES THE PAN AM CASE IN MORE DETAIL AND ALONG RATHER DIFFERENT LINES THAN PREVIOUSLY. WE ASSUME PAN AM WILL MAKE A

PRESENTATION TO THE DEPARTMENT ALONG THE LINES OF THE TELEX. WE HAVE NOT HAD TIME TO STUDY ITS CONTENTS CAREFULLY, BUT IT APPEARS AT FIRST GLANCE THAT THE BROADER CONSIDERATIONS RAISED BY THE DEPARTMENT IN REFTEL B MAY BE OF GREATER SIGNIFICANCE THAN PAN AM'S TACTICAL PROBLEMS IN COMPETING WITH BEA WITHIN THE CONTEXT OF "RATIONALIZATION".

6. WITH RESPECT TO THE CONSOLIDATION BY PAN AM OF THE BERLIN/HAMBURG (LONDON) AND BERLIN/AMSTERDAM LIMITED OFFICIAL USE

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(LONDON) SERVICES, THE BRITISH HAD NO OBJECTIONS, PARTICULARLY IN VIEW OF THE CURRENT INTERNATIONAL FUEL SITUATION, TO A SINGLE BERLIN/HAMBURG/AMSTERDAM (LONDON) SERVICE. THE DEPARTMENT (REFTEL B) RAISES THE QUESTION OF POSSIBLE FRG OBJECTIONS TO THIS CHANGE IN SERVICES. PAN AM (BERLIN) FILED THE CHANGE WITH THE FRG FOR INFORMATIONAL PURPOSES ON DECEMBER 19, AND HAS SO FAR RECEIVED NO COMMENT FROM THE MINISTRY OF TRANSPORT. COMMENT: IF DEPARTMENT WISHES EMBASSY TO DISCOURAGE PAN AM FROM MAKING THIS CHANGE IN SERVICES, WE WILL DO SO HERE, BUT BELIEVE IT MIGHT PROVE MORE EFFECTIVE TO MAKE THIS EFFORT WITH PAN AM REPRESENTATIVES IN WASHINGTON IN VIEW OF THE FILING ALREADY MADE HERE. THE EMBASSY IS INCLINED TO DOUBT THAT THE FRG WILL EXPRESS ANY GREATER OBJECTIONS TO THE NEW ROUTING THAN IT HAS ALREADY WITH RESPECT TO THE BERLIN/HAMBURG/LONDON ROUTE. ACTION REQUESTED: THE EMBASSY WOULD APPRECIATE THE DEPARTMENT'S INSTRUCTIONS OR VIEWS WITH REGARD TO BOTH THE AMSTERDAM ROUTE AND THE FURTHER ARGUMENTS ON RESCHEDULING PRESENTED BY PAN AM.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIRLINES, PASSENGER TRANSPORTATION
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BONN00201
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740163/aaaacgyu.tel
Line Count: 208
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) BONN 18401; (B) STATE 252069
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2002 by rowelle0>; APPROVED <24 APR 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - PAN AM AND BEA RESCHEDULING PROPOSALS
TAGS: ETRN, GE, WB, US, UK, FR, PAN AMERICAN AIRLINES
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005